Great Northern Capital

INTERIM REPORT

For the six months ended June 30, 1973

Great Northern Capital Corporation Limited

123 Edward Street, Toronto, Ont. M5G 1G5 Canada.
Telephone: (416) 361-1530 Telex: 06-23437

Huntingwood Place, Etobicoke, Ontario.

Toronto Professional Building, Toronto, Ontario.

McGill Metro, Montreal, Quebec.

Eastgate Plaza, Sherwood Park, Alberta.

MESSAGE TO SHAREHOLDERS

We are pleased to announce our consolidated net income before extraordinary items for the six months ended June 30th, 1973 was $1,797,000, compared with $1,216,000 for the same period in 1972. Fully diluted earnings per share, before extraordinary items, were $0.52 per share as opposed to $0.40 per share in 1972. Earnings after extraordinary items for the six month period ending June 30th, 1973, were $2,277,000 as compared to $1,831,000.

Your company became associated on March 23, 1973 with Capital & Counties Property Company Limited of London, England, which is the fifth largest property investment and development company in the United Kingdom, with real estate assets in 1973 in excess of $500 million, and shareholders' equity approaching $300 million. In addition to their present assets, they have a $550 million real estate construction program in progress at the moment.

This relationship with Capital & Counties Property Company Limited will greatly accelerate and expand the opportunities for growth of Great Northern Capital Corporation Limited.

Our aim to be a company oriented solely to the real estate industry was substantially accomplished in the last quarter when your company divested itself of the Western Industrial Division, with interests in diamond drilling, drilling equipment, and the construction equipment field, along with cutting and coring operations.

The sale of two Boeing 737 aircraft to Chemco Leasing Ltd. was also accomplished in the same period, leaving only minor investments unrelated to real estate.

It is significant to note from the balance sheet that your Company's assets have risen from $100 million as of December 31, 1972 to $110 million as of June 30th, 1973, despite the divestiture of non-realty assets.

The prime areas of growth are in income-producing properties and land under development.

On behalf of the Board

President

Great Northern Capital Corporation Limited

CONSOLIDATED BALANCE SHEET

(unaudited)

ASSETS	Thousands of Dollars	
	June 30 1973	Dec. 31 1972
Cash	$ 691	$ 1,527
Receivables	18,940	10,281
Manufacturing and other inventories	3,653	4,101
Land and houses under development	48,111	43,498
Long-term leases	217	10,623
Other investment	2,380	2,380
Investment in joint ventures	4,809	2,446
Income-producing properties at cost	22,872	15,483
Fixed assets	7,502	9,263
Other assets, at cost	1,315	793
	$110,490	$100,395

LIABILITIES AND SHAREHOLDERS' EQUITY		
Bank indebtedness	$ 18,703	$ 12,877
Accounts payable and accrued liabilities	4,014	8,170
Deferred income taxes	3,553	1,524
Long-term debt	47,906	44,190
5% convertible income debentures due 1979	316	323
Total liabilities	74,492	67,084
Shareholders' equity:		
Capital stock		
Authorized:		
7,500,000 shares without par value		
Issued and fully paid:		
3,518,445 shares (3,407,817 Dec. 1972)	14,185	13,433
Retained Earnings	21,813	19,878
Total shareholders' equity	35,998	33,311
	$110,490	$100,395

Great Northern Capital Corporation Limited
and its Subsidiary Companies

CONSOLIDATED STATEMENT OF INCOME

(unaudited)

For The Six Months Ended June 30

	Thousands of Dollars	
	1973	1972
REVENUE		
Sales of Land & Houses	$12,314	$ 7,946
Rentals from Income-producing Properties	1,574	763
Manufacturing & Other	3,690	7,536
Leasing, Interest & Other Income	902	1,346
GROSS REVENUE	18,480	17,591
EXPENSES		
Cost of Land & Houses Sold	5,987	4,044
Operating Cost of Income-producing Properties	635	383
Manufacturing & Other	2,477	5,520
Selling and Administrative	3,711	3,631
INTEREST		
Long-term (including debt discount amortization)	1,163	654
Other	510	513
	14,483	14,745
Income before undernoted items	3,997	2,846
Income Taxes	2,200	1,630
Income before Extraordinary Items	1,797	1,216
Extraordinary Items	480	615
Net Income	$ 2,277	$ 1,831
Depreciation, depletion and amortization	$ 315	$ 445

Great Northern Capital Corporation Limited
and its Subsidiary Companies

CONSOLIDATED STATEMENT OF SOURCE AND USE OF FUNDS

(unaudited)

For The Six Months Ended June 30

	Thousands of Dollars 1973	1972
Sources of Funds		
Operations		
Net income	$ 2,277	$ 1,831
Non-cash items included in net income:		
Depreciation and depletion	315	445
Amortization of debt discount	—	30
Deferred income taxes	2,029	89
Gain on sale of long-term leases	(421)	—
	4,200	2,395
Capital stock issued net of debt conversion	745	20
Lease principal payments received	268	380
Increase in long-term debt	3,716	999
Decrease (increase) in fixed assets	1,585	(2,417)
Proceeds from sale of long-term leases	10,559	—
	21,073	1,377
Uses of Funds		
Increase of investments in:		
Land and houses under development	4,613	2,229
Joint ventures	2,411	425
Income-producing properties	7,480	2,611
Other assets	8,733	3,244
Dividends paid	342	170
Decrease (increase) in other liabilities	4,156	(1,206)
	27,735	7,473
Increase in bank indebtedness net of cash	6,662	6,096
Bank indebtedness net of cash, beginning of period	11,350	5,588
Bank indebtedness net of cash, end of period	$18,012	$11,184

Great Northern Capital Corporation Limited
and its Subsidiary Companies

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 1973

NOTES

1. Earnings Per Share

	1973	1972
Basic earnings per issued common share		
Before extraordinary items	$0.52	$0.45
After extraordinary items	0.66	0.60
Fully diluted earnings per share		
Before extraordinary items	0.52	0.40
After extraordinary items	0.66	0.58

2. Capital Stock

Capital stock issued during the six month period ended June 30, 1973 consist of the following:—

	No. of Shares	Consideration
Shares issued for cash at $7.00 each on exercise of share purchase warrants of Home Smith International Limited	90,124	$630,868
Shares issued under employee options at $5.68	20,000	113,600
Shares issued at $12.50 each on conversion of $6,300 5% convertible income debentures of the Company	504	6,300
	110,628	$750,768

The Company has set aside 98,150 common shares for the following purposes:—

Conversion of 5% convertible income debentures of the Company	22,150
Stock option plan	76,000
	98,150

PROGRESS REPORT

REALTY PRODUCTS ACTIVITIES

FACTORY-ENGINEERED HOMES Our plant in Woodstock, Ontario, has produced 382 homes to June 30th and it is anticipated that the Company's original projection of total homes to be manufactured during 1973 can be met.

NEW INCOME-PRODUCING PROPERTIES

McGILL-METRO The $20 million McGill-Metro joint venture project at 2001 University in downtown Montreal has been started. When the 20 storey building is completed it will contain 4 retail levels and 16 floors of office space totalling 485,000 square feet.

Its unique location provides direct access to the Metro system and two major department stores. Completion is scheduled for early summer 1975. The site is bounded by University, Union, President Kennedy and Maissoneuve Boulevards.

2075 UNIVERSITY Another major project is in a prestige location in an area renowned for architectural triumphs and weather-free pedestrian networks. This 17 floor cruciform shaped office building is within Montreal's energetic Place du Centre complex at President Kennedy Boulevard and Sherbrooke Street thus offering direct access to McGill-Metro Station (via 2001 University Street ~~Avenue~~) and the major transfer terminal of the proposed North-South Metro route. The building will offer a total of 113,000 square feet of deluxe office space and is a $5 million venture.

JOLIBOURG — LAVAL-SUR-LE-LAC A $50 million development, Jolibourg is under way on 305 acres of prime land in Laval-sur-le-Lac, Quebec. By year end, 74 town house rental units will have been completed, as well as 56 single family homes.

The project, which will be developed over a six year period, will create a community of 361 townhouses, 641 single detached homes, 1,520 mid-rise and 100 high rise apartment dwellings.

Phase One of the planned community includes a 9,000 square foot community centre with meeting and activity rooms, wading and swimming pools, sauna, and tennis courts.

HUNTINGWOOD PLACE The first of three 17 storey 233 suite apartment buildings in Etobicoke, Ontario, is now renting. To date 160 suites have been leased in a 90-day period. The second unit in this complex has been started and all units are scheduled for completion in the spring of 1974.

THE SOUTHVIEW MALL SHOPPING CENTRE This centre, located at Medicine Hat, Alberta, will serve a trading area of between 60,000 and 70,000 people. A $3.5 million project, it is located on a 20 acre site and contains 158,500 square feet of leasable area.

The official opening is August 15th and all space has been leased.

Southview Mall, Medicine Hat, Alberta.

Heritage Plaza, Markham, Ontario

ance to Eastgate Plaza, Sherwood Park, Alberta.

Westmount Apartment, Edmonton, Alberta.

◀ *2075 University ~~Avenue~~ Street, Montreal, Quebec.*

MacLeod Place (Phase 2), Calgary, Alberta.

PROPERTIES & PROJECTS

INCOME-PRODUCING PROPERTIES

OPERATING

Eastgate Plaza, *Edmonton, Alta.*
Heritage Plaza, *Markham, Ont.*
Heritage Square Townhouses, *Markham, Ont.*
Huntingwood Place (1st Tower), *Toronto, Ont.*
Old Mill Restaurant, *Etobicoke, Ont.*
Pointe Claire Office Building, *Pointe Claire, Que.*
South Plainfield Building, *South Plainfield, N.J.*
Southview Mall, *Medicine Hat, Alta.*
Toronto Professional Building, *Toronto, Ont.*

UNDER CONSTRUCTION

Huntingwood Place (Towers 2 & 3), *Toronto, Ont.*
McGill-Metro, *Montreal, Que.*
Quebec City Hotel (Holiday Inn), *Quebec City, Que*
2075 University ~~Avenue~~ Street Office Building, *Montreal, Que.*

JOINT VENTURES

Income-Producing Properties

Galleria Development Limited, *Toronto, Ont.*
MacLeod Place, *Calgary, Alta.*
Towers of Polo Park, *Winnipeg, Man.*
Westmount Apartment, *Edmonton, Alta.*

Land and Houses under Development

Headland Homes, *Burlington, Ont.*
River Heights, *Saskatoon, Sask.*

Under Construction

Thunder Bay Hotel, *Thunder Bay, Ont.*

LAND ASSEMBLY

(awaiting planning approval)

Dade County, Miami, Florida
Oakville, Ontario
Sherwood Park, Edmonton, Alberta

LAND AND HOUSES UNDER DEVELOPMENT

Canada

Burlington, Ontario
Cornwall, Ontario
Edmonton, Alberta
Kemptville, Ontario
Kincardine, Ontario
Laval, Quebec
Markham, Ontario
Niagara Falls, Ontario
Orono, Ontario
Ottawa, Ontario
Richmond, Ontario
Smith Falls, Ontario

United States

Hemlock Farms, Pennsylvania
Monroe Township, New Jersey
South Brunswick, New Jersey
South Plainfield, New Jersey

Great Northern Capital Corporation Limited

ANNUAL
REPORT
1973

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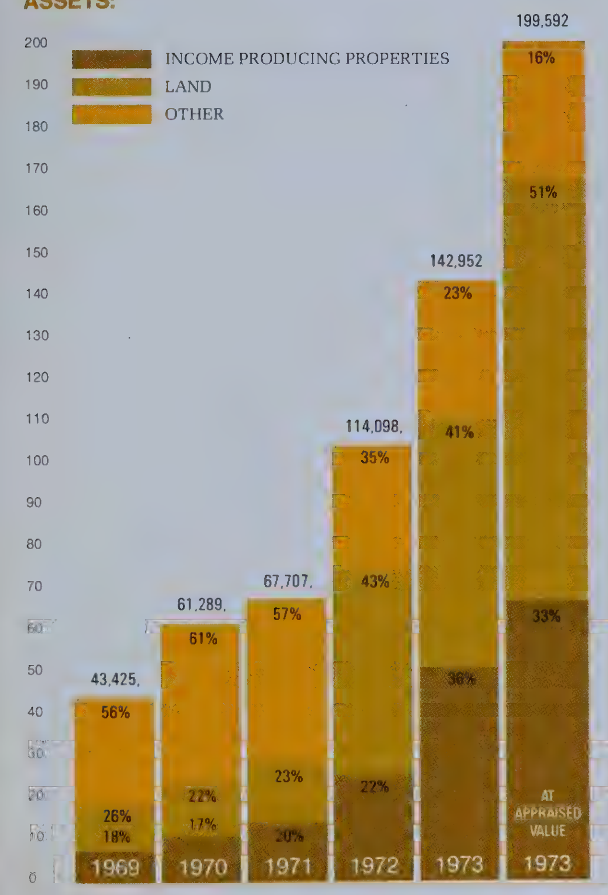
The Toronto Professional Building, Great Northern Capital's Head Office.

FINANCIAL AND OPERATING HIGHLIGHTS

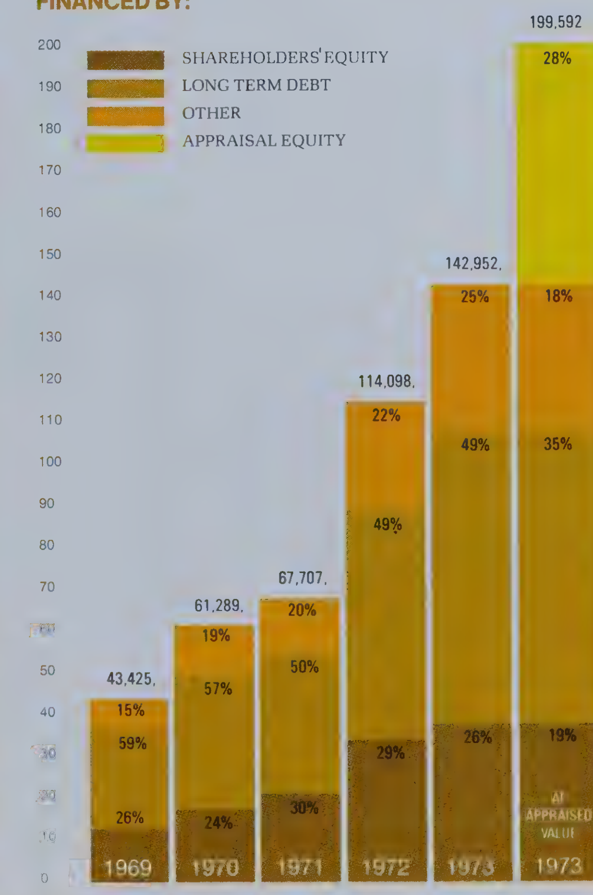
	1973	1972
Gross revenue	**$ 46,401,000**	$35,315,000
Income before taxes and extraordinary items	**$ 6,742,000**	$ 5,379,000
Income before extraordinary items	**$ 3,509,000**	$ 2,622,000
Fully diluted earnings per share before extraordinary items	**$ 1.00**	$ 0.79
Fully diluted cash flow per share	**$ 1.91**	$ 1.83
Land and houses under development	**$ 59,233,000**	$49,052,000
Income-producing properties (at cost less accumulated depreciation)	**$ 51,434,000**	$25,678,000
Appraisal value (land and properties)	**$167,307,000**	*
Shareholders' equity	**$ 37,384,000**	$33,311,000
Net book value per share	**$ 10.62**	$ 9.77
Net asset value per share—appraisal basis	**$ 26.72****	*
Shares outstanding	**3,518,545**	3,407,817

**Appraisal values not available for 1972.*
***Excludes income taxes and disposal costs.*

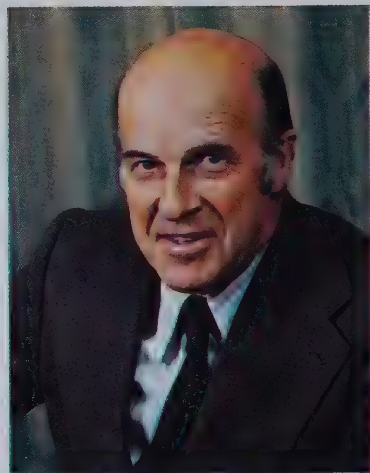
ASSETS:



FINANCED BY:



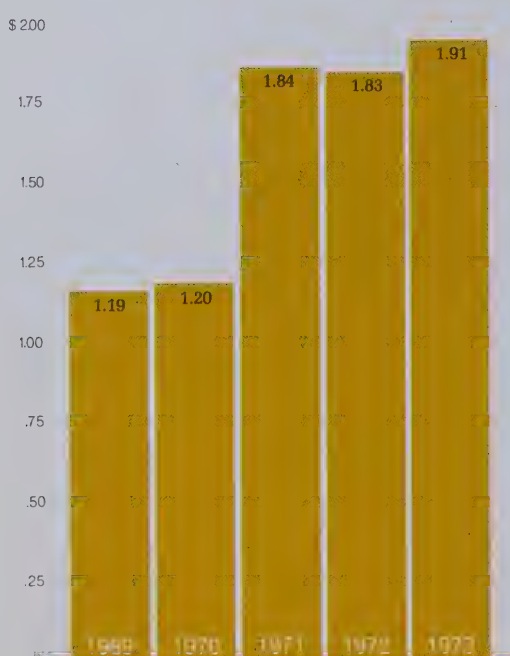
Sir Richard Thompson Bt.
Chairman, Capital & Counties Property Co. Ltd.,



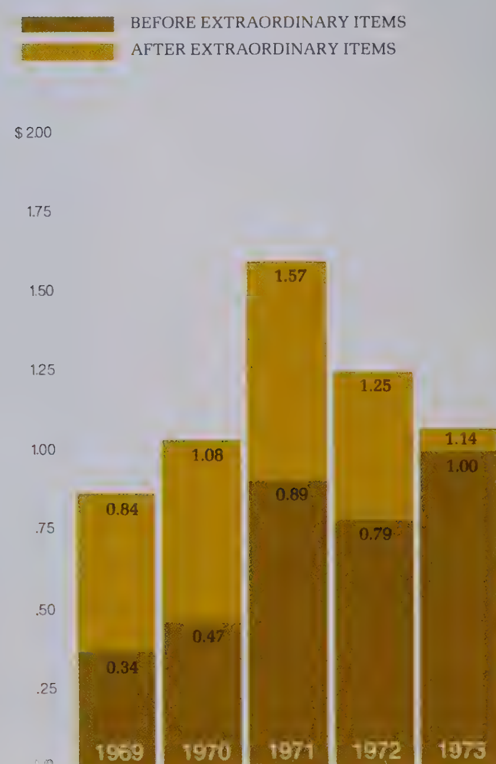
J. W. V. Andrews
Joint Managing Director and
Chairman, Executive Committee
Capital & Counties Property Co. Ltd.

D. R. G. Marler, FRICS
Joint Managing Director
Capital & Counties Property Co. Ltd.

CASH FLOW PER SHARE:
(FULLY DILUTED)



EARNINGS PER SHARE:
(FULLY DILUTED)



R. H. McIsaac
President
Great Northern Capital Corp. Ltd.

REPORT TO SHAREHOLDERS

1973 continued the growth pattern now well established and ended with the promise of more.

Early in the year, Capital and Counties Property Company Limited of London, England purchased a majority of the issued shares and control of your company.

This was not simply a matter of a change in shareholders. More importantly, we suddenly had a guiding parent with a total commitment to our industry and many years of experience in it from which to draw.

Capital and Counties, as one of the largest real estate investment and development groups in the United Kingdom with property assets of over $600 million dollars throughout the world, brought professional knowledge and a financial strength to your company that provides the necessary base for major growth.

Although asset growth is the prime measurement of success for a real estate group, your company also showed good progress in the more common comparisons of declared earnings and cash flow that is used for the generally described industrials.

Earnings before extraordinary items increased to $3,509,000. or $1.00 per share expressed on a fully diluted basis. The 1973 cash flow from operations of $6,765,000 is also an increase over the 1972 cash flow.

Last year your company reached $100 million dollars in assets and closed 1973 with an increase to $143 million. These figures are reported on the basis of book values as required by generally accepted accounting principles, again as it would apply to the general description of industrials, and do not reflect the true value of your company.

An independent appraisal of our assets was recently completed by professional appraisers that estimated a market value of $200 million. The details of this information have been included in the financial report so that you may better judge the worth and progress of your company.

Our parent company, Capital and Counties, has recently acquired a comparable equity position in Western Realty Projects Ltd. and they have asked the two Boards of Directors to consider ways and means to accomplish a merger.

Western Realty Projects Limited has similar assets and operations to our own and have a commanding position in Edmonton, Calgary and Vancouver that complements our Eastern base.

Hopefully the merger will be accomplished so that the potential of the combined forces, with the stronger and broader asset base and through the efficiency of talents, can be realized.

Your Board of Directors does recognize that the many successes achieved can, to a large extent, be attributed to the efforts of the employees and takes this opportunity to thank each of them for their contribution.

On Behalf of the Board

R. H. McIssac
President

OPERATING REPORT

The close of 1973 marked the completion of the major phase of Great Northern's Land Bank acquisition program.

Begun nearly four years ago, this program was designed to round out our land ownership and create a 'bank' of some 11,000 acres of choice land in Canada and the United States. Prior to its purchase, each parcel considered for the 'bank' was carefully analysed to ensure that we achieved a broad diversity in both type and location. This separation of characteristics thus provides us with sufficient insurance against the possibility of any single adverse market fluctuation affecting our entire package.

Having completed this phase of our growth, our emphasis in activity has shifted to the acquisition of single sites for immediate commercial development. Our continued success in this area is evidenced by GNC's purchase of several parcels of high potential, downtown property in Edmonton and Calgary, details of which appear under the heading "Western Canada" later in this report.

Our present income producing properties under development represent some $73 million and continue to be broad in both geography and function. Here are some highlights:

QUEBEC

GNC's principal operation in the downtown Montreal area is the two-thirds owned 22-storey office-retail complex now under construction at 2001 University.

Situated in the heart of the city's commercial district, Place du Centre, 2001 University occupies the city block covering Montreal's busy McGill Metro Station. The building, which will incorporate the station's existing surface entrance, has climate controlled underground walkways to neighbouring complexes, hotels, and department stores, thus providing the most recent significant—and dramatic—expansion of Montreal's "underground city."

McGill Metro (2001 University) contains 16 floors of offices, which should be ready for occupancy early in 1975. Below these, a sculptured six-level podium will contain approximately 60 stores and boutiques on four levels, plus two levels of parking. The retail segment of the building is set to open in the Fall, 1974.

Services in the building are the most highly engineered in the city. Eight high-speed, electronically programmed elevators provide more service per square foot than can be found in any other Montreal office tower. Additionally, the superb dual air duct heating, ventilating and air conditioning system provides selective temperature control regardless of season.

Also in downtown Montreal, in an area considered by development experts and city planners to be one of the most desirable in Eastern Canada, we have almost completed a major land assembly.

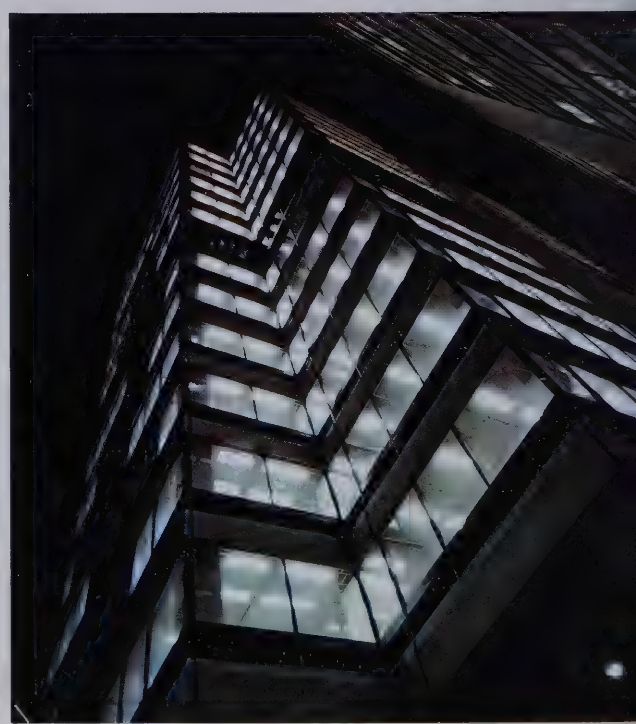
At present, a number of possibilities for developing the site are being considered and preliminary feasibility studies are underway.

The development, when complete, will be connected to the downtown Montreal all-weather pedestrian network, one of the most sophisticated and heavily trafficked in North America. An entrance to the Metro system will be situated next to our location.

GNC's other Montreal activities include a one third share in a 17-storey cruciform office building on the corner of 2075 University and President Kennedy within the energetic Place du Centre complex. This building reached structural completion this year and will be ready for occupancy by May, 1974. Nearly 85 percent of its available space is already rented.

Our Pointe Claire Commerce Centre is located at the major traffic intersection of the Trans-Canada Highway and St. John's Road. The eight-storey office building is connected via covered passageway to a new 312-room Holiday Inn. The building was ready for occupancy in August and more than 80 percent of the available space has been leased.

2075 University ~~Ave.~~ St., office and commercial building.



Metro McGill, office and commercial building at 2001 University Avenue.

Construction also began this year on a fifteen storey, 245-room Holiday Inn in St. Roch, Quebec City. Facilities at this Inn, which is scheduled for completion in 1975, include conference rooms, banquet halls, cocktail lounges, dining rooms, swimming pool, retail spaces and other amenities that will undoubtedly make it one of the area's key business-social centres. Upon completion, the hotel will be leased to Commonwealth Holiday Inns of Canada Ltd.

1973 also saw the beginning of construction on Jolibourg, a fully-integrated, high-quality, 305-acre community development in the Montreal suburb of Laval-sur-le-Lac. Situated on prime land between two golf courses, Jolibourg will be fully developed over a six-year period.

The first stage of the programme consists of developing 40 acres of single dwelling lots, a community centre, and a neighbourhood shopping centre.

Thus far, eight model homes have been completed. A total of 81 units are scheduled to be available for sale by April, 1974. With the aid of an effective advertising programme, approximately 40 homes have already been sold and another 15 offers are pending.

When completed the project will consist of 641 single detached homes, 360 townhouses, 1,520 mid-rise apartment units, 100 high-rise apartment suites, streets, parks, commercial and retail space, and an auto-route.

continued on page nine.

Pointe Claire Commerce Centre.

Scale model of Jolibourg, a suburban residential community.

1973 FINANCIAL REVIEW

The 1973 consolidated financial statements of the Company and its subsidiaries appear on pages two to six together with the Auditors' Report to the shareholders. The 1973 statements incorporate a major improvement in financial reporting practice. The improvement affects the balance sheet reporting of assets and liabilities of the Company's joint venture projects. In 1973, the company has reflected its proportionate interest in the assets and liabilities of joint ventures on a line-by-line basis whereas the 1972 financial statements disclosed only the net investment in joint ventures. The 1972 comparative figures shown on the 1973 financial statements have been restated on the new basis.

1973 must be considered a year of considerable achievement for Great Northern Capital. During the year, the Company divested itself of almost $15 million worth of assets that were not related to real estate, re-invested those funds in real estate assets, and at the same time was still able to increase 1973 earnings before extraordinary items over those of 1972.

CONSOLIDATED BALANCE SHEET

The Company's assets increased from $114,098,000 at the end of 1972 to $142,952,000 at the end of 1973, an increase in excess of $28 million.

This 25% increase becomes even more dramatic when you consider the effect of the divestiture program. The Company's assets were decreased by $15 million as a result of selling the Company's investments in two aircraft leased to Transair and certain industrial operations that were not related to real estate; and then the assets were increased by $43 million, resulting in the net increase of $28 million.

Investments in real estate assets were increased by over $35 million with income-producing properties accounting for $25 million of the increase, and land holdings accounting for the other $10 million. The book value of real estate assets now totals over $110 million, which represents 77% of the book value of the Company's assets. The appraised value of these assets is in excess of $56 million higher than the book value.

Receivables resulting from land sales during the year account for the majority of the $8 million increase in receivables. Assets other than real estate and receivables, now represent only 9% of the Company's total assets.

In order for a company to increase its assets, it must arrange financing for those assets. The 1973 increase in assets has been financed by arranging additional long-term debt of $13 million, additional short term debt of $11 million, (including $6.6 million of interim constructions loans for which long term financing has been arranged) and through an increase in shareholders equity of $4 million as a result of earnings retained and Treasury shares issued during the year. The Company's ratio of long-term debt to equity is still relatively low for a real estate company at 1.9 to 1, but this ratio will increase in the future, as a result of the higher leverage potential of the income-producing property portfolio.

CONSOLIDATED STATEMENT OF INCOME

Earnings before extraordinary items increased substantially, during the year from $2,622,000 in 1972 to $3,509,000 in 1973 and correspondingly the fully diluted earnings per share before extraordinary rose from $0.79 to $1.00 per share. This represents an improvement over 1972 of over 26% on both these comparisons.

As expected, real estate sales continue to provide the major contribution to earnings. Although revenues from income-producing properties increased by almost $1 million they still are not a major contributor towards earnings. Income-producing properties will become a significant contributor to the earnings of future years as the properties mature and as rental revenues escalate.

GREAT NORTHERN CAPITAL CORPORATION LIMITED *(Incorporated under the laws of Ontario)*
and its subsidiary companies

CONSOLIDATED BALANCE SHEET

December 31

ASSETS	1973	1972
Cash	$ 449,000	$ 1,609,000
Receivables (note 2)	18,524,000	10,583,000
Manufacturing and other inventories at the lower of cost and estimated net realizable value	1,931,000	4,101,000
Land and houses under development (note 1)	59,233,000	49,052,000
Long-term leases (note 1)	200,000	10,623,000
Other investment (note 3)	2,161,000	2,380,000
Income-producing properties at cost, less accumulated depreciation of $1,034,000 ($752,000 in 1972)	51,434,000	25,678,000
Fixed assets (note 4)	7,858,000	9,263,000
Other assets, at cost	1,162,000	809,000
	$142,952,000	$114,098,000

On behalf of the Board:

R. H. McIsaac, *Director*

W. R. Hodgson, *Director*

LIABILITIES AND SHAREHOLDERS' EQUITY	1973	1972
Bank indebtedness — secured (note 5)	**$ 25,027,000**	$ 13,591,000
Accounts payable and accrued liabilities	**6,684,000**	9,351,000
Income taxes payable	**444,000**	
Deferred income taxes	**3,447,000**	1,524,000
Long-term debt (note 6)	**69,966,000**	56,321,000
Total liabilities	**105,568,000**	80,787,000
Shareholders' equity:		
Capital stock (note 7)		
Authorized:		
7,500,000 shares without par value		
Issued and fully paid:		
3,518,545 shares (3,407,817 in 1972)	**14,185,000**	13,433,000
Retained earnings (note 6)	**23,199,000**	19,878,000
Total shareholders' equity	**37,384,000**	33,311,000
	$142,952,000	$114,098,000

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF INCOME

For the years ended December 31

	1973	1972
Revenue:		
Real estate sales	**$ 28,422,000**	$16,164,000
Rentals from income-producing properties	**2,906,000**	1,977,000
Manufacturing and other	**12,523,000**	15,038,000
Leasing, interest and other income	**2,550,000**	2,136,000
Gross revenue	**46,401,000**	35,315,000
Expenses:		
Cost of real estate sales	**15,713,000**	7,743,000
Operating cost of income-producing properties	**1,402,000**	1,043,000
Manufacturing and other cost of sales	**9,891,000**	11,141,000
Selling and administrative	**9,158,000**	7,605,000
Interest:		
Long-term	**2,205,000**	1,793,000
Other	**1,290,000**	611,000
	39,659,000	29,936,000
Income before undernoted items	**6,742,000**	5,379,000
Income taxes	**3,233,000**	2,757,000
Income before extraordinary items (note 8)	**3,509,000**	2,622,000
Add extraordinary items:		
Income tax credits resulting from the application of loss carry-forwards (note 11)	**665,000**	1,582,000
Other (note 10)	**(159,000)**	26,000
Net income (note 8)	**$ 4,015,000**	$ 4,230,000
Depreciation, depletion and amortization included above	**$ 827,000**	$ 929,000

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

For the years ended December 31

	1973	1972
Balance at beginning of the year	**$19,878,000**	$16,330,000
Add:		
Net income	**4,015,000**	4,230,000
	23,893,000	20,560,000
Less:		
Dividends paid	**694,000**	682,000
Balance at end of the year	**$23,199,000**	$19,878,000

The accompanying notes are an integral part of the financial statements.

AUDITORS' REPORT

To the Shareholders of
Great Northern Capital Corporation Limited:

We have examined the consolidated balance sheet of Great Northern Capital Corporation Limited and its subsidiary companies as at December 31, 1973 and the consolidated statements of income, retained earnings, and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the companies as at December 31, 1973 and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, after giving retroactive effect to the change in accounting presentation for joint ventures, with which we concur, as set out in note 1.

Toronto, Canada,
January 31, 1974

CLARKSON, GORDON & CO.
Chartered Accountants

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

For the years ended December 31

	1973	1972
Sources of Funds		
Operations		
Income before extraordinary items	**$ 3,509,000**	$ 2,622,000
Non-cash items included in income		
Depreciation	**827,000**	929,000
Amortization of debt discount		58,000
Deferred income taxes	**1,923,000**	1,298,000
Income taxes extinguished by loss carry-forwards	**665,000**	1,582,000
Extraordinary items (Note 10)	**(159,000)**	26,000
	6,765,000	6,515,000
Capital stock issued net of debt conversion	**745,000**	21,000
Lease principal payments received	**285,000**	765,000
Increase in long-term debt	**13,652,000**	31,847,000
Decrease in long-term leases	**10,138,000**	
Decrease (increase) in fixed assets	**902,000**	(1,356,000)
Decrease (increase) in other assets	**2,036,000**	(1,751,000)
	34,523,000	36,041,000
Uses of Funds		
Increase in investments:		
Land and houses under development	**10,181,000**	33,655,000
Income-producing properties	**26,080,000**	11,986,000
Increase (decrease) in receivables	**7,941,000**	(1,486,000)
Decrease (increase) in other liabilities	**2,223,000**	(2,875,000)
Dividends paid	**694,000**	682,000
	47,119,000	41,962,000
Increase in bank indebtedness net of cash	**12,596,000**	5,921,000
Bank indebtedness net of cash, beginning of year	**11,982,000**	6,061,000
Bank indebtedness net of cash, end of year (note 5)	**$24,578,000**	$11,982,000

The accompanying notes are an integral part of the financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1973

1. ACCOUNTING POLICIES AND STATEMENT PRESENTATION

BASIS OF CONSOLIDATION AND STATEMENT PRESENTATION

The consolidated financial statements include the accounts of the Company and all its subsidiaries. Prior to 1973 the investment in unincorporated joint ventures was carried on the balance sheet as one amount (on the equity basis); this year the balance sheet presentation has been changed to reflect the Company's pro rata share of the individual assets and liabilities of such joint ventures, and the 1972 comparative figures have been restated accordingly. This basis of presentation is consistent with that followed in the income statement which similarly reflects the Company's pro rata share of the revenues and expenses of joint ventures. This change had the effect of increasing total assets and liabilities in 1972 by $13,703,000, but had no effect on reported income for the year.

Minority interest is not material and has not been shown separately on the financial statements.

EXCHANGE TRANSLATION

U.S. dollar assets and liabilities of the Company and its domestic subsidiaries have been translated into Canadian dollars at current rates of exchange except for long-term debt which has been translated at the average rate prevailing on the forward exchange contracts arranged for these obligations. The Company has purchased future U.S. funds to cover these U.S. debt obligations.

The accounts of U.S. subsidiaries and branches have been translated at current rates except for fixed assets and depreciation provisions which were translated at the historic rates prevailing at date of acquisition. Income and expenses (other than depreciation) were translated at the average exchange rate for the year.

The exchange adjustment for the year is not significant and has been included in selling and administrative expense.

LAND AND HOUSES UNDER DEVELOPMENT

Land and houses are carried at cost which includes interest and property taxes. Development expenses capitalized include all direct development expenditures and the pro rata share of the cost of community facilities, park dedications and school sites, but exclude general overhead.

Amounts capitalized in the year	**1973**	1972
Interest	**$2,751,000**	$ 864,000
Property taxes	**506,000**	230,000
	$3,257,000	$1,094,000

The increase in the 1973 total is attributable to the carrying charges of approximately $2,075,000 on U.S. land acquired in December 1972.

Land sales are recognized and net income is recorded upon meeting the following criteria:

(i) receipt of 15% in cash

(ii) commencement of interest on a sale agreement at a reasonable rate

(iii) satisfaction of purchaser's financial stability.

INCOME-PRODUCING PROPERTIES

Income-producing properties are carried at cost which includes direct development and construction expenditures, interest, property taxes and the net rental losses (gains) until 70% of rental occupancy is achieved (subject to a maximum period of time). The amounts capitalized do not include general overhead.

Amounts capitalized in the year	**1973**	1972
Interest	**$ 878,000**	$251,000
Property taxes	**315,000**	93,000
Net rental (gains)	**(191,000)**	(14,000)
	$1,002,000	$330,000

Depreciation is recorded on operating income-producing properties on a sinking fund basis. By this method, depreciation is charged to income in an amount which increases annually, such amount consisting of a fixed annual sum together with interest compounded at the rate of 5% per annum, so as to fully depreciate the buildings over their estimated useful lives.

	1973	1972
Depreciation charged on income-producing properties	**$282,000**	$183,000

LEASING INCOME

The Company has used the financing method to account for the revenue from long-term leases. Under this method revenue is recognized in decreasing amounts over the years so as to reflect a constant return on the investment.

2. RECEIVABLES

	1973	1972
Amounts due within one year	**$11,211,000**	$ 8,709,000
Amounts due after one year	**7,313,000**	1,874,000
	$18,524,000	$10,583,000

Included in the above are debentures totalling $1,645,000 arising from the divestiture of industrial assets during the year. These are due in annual instalments until 1981.

As at December 31, 1973 amounts due from officers and directors totalled $351,000. During the year funds advanced to officers and directors totalled $170,000.

3. OTHER INVESTMENT

This represents an investment of 608,482 common shares of Transair Limited, representing a 20% interest. The investment is carried at cost of $2,380,000, less a write-down of $219,000 made in 1973 (being an amount equivalent to the net income realized from the 1973 sale of two aircraft that the Company was leasing to Transair). While the quoted market value of these shares at December 31, 1973 was $1,278,000 ($1,856,000 at December 31, 1972), it is the Company's view that there has been no permanent impairment in the value of the investment.

4. FIXED ASSETS

Fixed assets, at cost, consists of the following:

	1973	1972
Land and land improvements	**$ 914,000**	$ 871,000
Buildings	**3,394,000**	3,847,000
Machinery and equipment	**5,026,000**	7,490,000
Country Club and golf course facilities	**1,165,000**	1,873,000
Clay deposit	**312,000**	312,000
	10,811,000	14,393,000
Less accumulated depreciation, depletion and amortization	**2,953,000**	5,130,000
	$ 7,858,000	$ 9,263,000

5. BANK INDEBTEDNESS

Assets having a book value in excess of the bank indebtedness have been pledged as collateral against this liability. Included in the bank indebtedness are loans totalling $6,625,000 at December 31, 1973 ($700,000 — 1972) which represent interim financing loans on income-producing properties under construction. These loans will be replaced by long-term debt upon completion of each project.

6. LONG-TERM DEBT

Long-term debt consists of the following:

Great Northern Capital Corporation Limited —

	1973	1972
5½% notes due 1974 to 1976	**$ 1,640,000**	$ 2,151,000
5% convertible income debentures due 1979	**316,000**	323,000
Other	**591,000**	4,578,000
	$ 2,547,000	$ 7,052,000
Subsidiary companies — 7½% provincial development loans		338,000

Mortgages —

		1973	1972
5%	due 1974 to 1979	**82,000**	82,000
6%	due 1974 to 1983	**433,000**	407,000
6½%	due 1974 to 1977	**14,000**	72,000
6¾%	due 1974 to 1979	**295,000**	316,000
7%	due 1974 to 1990	**9,055,000**	9,207,000
7½%	due 1974 to 1984	**6,133,000**	3,057,000
8%	due 1974 to 1984	**4,935,000**	2,149,000
8½%	due 1974 to 1998	**1,653,000**	34,000
8¾%	due 1974 to 1994	**108,000**	1,345,000
8⅞%	due 1974 to 2008	**4,033,000**	1,195,000
9%	due 1974 to 1998	**10,272,000**	6,663,000
9¼%	due 1974 to 1992	**1,532,000**	1,565,000
9⅜%	due 1974 to 2006	**762,000**	770,000
9½%	due 1974 to 2008	**7,934,000**	7,685,000
9¾%	due 1974	**589,000**	
9⅞%	due 1974 to 1999	**12,532,000**	
10%	due 1974 to 1998	**2,906,000**	12,102,000
11½%	due 1974 to 1977	**378,000**	
11¾%	due 1974 to 1994	**750,000**	
12%	due 1973		200,000
13%	due 1974 to 1975	**2,614,000**	1,300,000
Other	due 1974 to 1976	**409,000**	782,000
		$67,419,000	$49,269,000
Total long-term debt		**$69,966,000**	$56,321,000

Included in the 1973 total of long-term debt is the Canadian equivalent of $23,947,000 of debt repayable in U.S. funds ($24,367,000 — 1972).

Under terms of the loan agreement respecting a $10,000,000 9⅞% mortgage due 1978 the Company is not permitted to pay dividends in excess of 33⅓% of its Consolidated Net Income (as defined) accrued during the period from December 31, 1972 to the proposed dividend declaration date.

Amounts due on repayment of long-term debt in each of the next five years are as follows:—

1974 $8,580,000 1975 $6,126,000 1976 $ 3,745,000
1977 $3,413,000 1978 $12,943,000

7. CAPITAL STOCK

Capital stock issued during the year consists of the following:

	Number of Shares	Total Consideration
Shares issued at $12.50 each on conversion of 5% convertible income debentures of the Company	528	$ 6,600
Shares issued for cash at $7.00 each on exercise of share purchase warrants of Home Smith International Limited	90,200	631,400
Shares issued under employee options at $5.68	20,000	113,600
	110,728	$751,600

The Company has set aside 98,130 common shares for the following purposes:

Conversion of 5% convertible income debentures (these debentures convertible into common shares at $14.28 per share up to May 30, 1974; $16.66 per share up to May 30, 1975 and $20.00 per share up to May 15, 1979).	22,130
Stock option plan	76,000
	98,130

During the year, the Company granted to senior officers options on 20,000 common shares at $8.66 under the stock option plan. Options on 20,000 common shares were exercised during the year. At the year end options were outstanding on 5,000 common shares at $6.86, 60,000 at $8.66, and 11,000 options were unallocated. The options granted are exercisable at varying dates expiring between July 7, 1976 and September 18, 1978.

8. EARNINGS PER SHARE

	1973	1972
Basic earnings per issued common share (see (a) below)		
Before extraordinary items	$1.01	$0.86
After extraordinary items	1.16	1.38
Fully diluted earnings per share (see (b) below)		
Before extraordinary items	1.00	0.79
After extraordinary items	1.14	1.25

(a) Based on the weighted average number of shares outstanding during the year

(b) In the above summary, the fully diluted figures reflect the income per share that would have existed if:

(i) all the remaining 5% convertible income debentures had been converted into common shares at the applicable conversion price on January 1 in each of the years;

(ii) all stock options granted had been exercised on either January 1 in each of the years or date of issue if later.

For the purpose of the calculations in (b) above, earnings of $36,000 ($88,000 in 1972) have been imputed at a rate of interest based on the current cost of the Company's bank borrowings.

9. COMMITMENTS AND CONTINGENT LIABILITIES

(a) As at December 31, 1973 subsidiary companies are contingently liable for discounted sale agreements and conditional sale contracts in the approximate amount of $7,420,000.

(b) The Company is contingently liable for the proportion of the indebtedness of joint ventures that has not been reflected in the Company's liabilities. The amount of this contingent liability is $13,054,000 at December 31, 1973. Against this contingent liability the Company would have claims on the joint ventures' related assets.

(c) At December 31, 1973 the Company is committed to expend further amounts of approximately $42,400,000 on income-producing property and land development projects which are presently in progress and for which financing has been arranged.

10. EXTRAORDINARY ITEMS — OTHER

Details of extraordinary items — other (after income tax credits, net, of $169,000) included in the consolidated statement of income, are as follows:—

	1973	1972
Net gain on the divestiture of aircraft leased to Transair Limited	**$ 219,000**	$
Amount written off investment in shares of Transair Limited (being an amount equivalent to the net gain on the divestiture of aircraft leased to that company)	**(219,000)**	
Net gain on the divestiture of industrial assets	**3,000**	26,000
The 1972 gain is after providing $900,000 to write down the assets which were disposed in 1973 to estimated realizable value.)		
Loss on divestiture of golf and country club facilities of U.S. subsidiary including foreign exchange adjustment	**(162,000)**	
	$(159,000)	$26,000

11. INCOME TAXES

The loss carry-forward tax credits shown on the accompanying consolidated statement of income became available as a result of the application of tax losses of the Company and certain subsidiaries. It is expected that through utilization of loss carry-forwards, further reductions of future income taxes otherwise payable of approximately $2,650,000 will be available over the next few years.

12. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The total remuneration paid or payable by the Company and its subsidiaries to its directors and officers with respect to the year ended December 31, 1973 amounted to $451,000 ($330,000 — 1972).

CANADA	DESCRIPTION	GNC % Ownership	GNC Acreage	Book Value 1973	Book Value 1972
Markham, Ontario	A residential land development project to be completed in stages over next 3-4 years.	100	140	$ 93,000	$ 579,000
Burlington, Ontario	A residential/commercial and industrial land development project to be completed in stages over next 3-4 years.	100	330	1,782,000	1,392,000
Burlington, Ontario	A residential land development project.	50	6	44,000	1,024,000
Oakville, Ontario	A long range total community concept land development project that is not yet under development.	100	1,040	6,884,000	6,492,000
Ottawa, Ontario	Residential land development projects.	100	385	9,798,000	11,427,000
Edmonton, Alberta	A residential and commercial land development project to be completed in stages over the next 7-9 years.	100	2,737	5,518,000	719,000
Saskatoon, Saskatchewan	A long range residential land development project.	55	129	242,000	281,000
Laval, Quebec	A residential land development project to be completed in stages over next 3-4 years.	100	305	2,429,000	1,435,000
Niagara Falls, Ontario	A residential land development project.	100	58	2,972,000	
Kincardine, Ontario	A residential land development project.	100	9	1,244,000	
Other				4,570,000	3,932,000
TOTAL CANADIAN				35,576,000	27,281,000
UNITED STATES					
South Plainfield, New Jersey	A long range residential land development project.	100	57	1,692,000	1,688,000
South Brunswick, New Jersey	A long range residential land development project.	100	571	5,661,000	5,332,000
Monroe, New Jersey	A long range residential/commercial and industrial land development project.	100	1,460	9,213,000	7,413,000
Hemlock, Pennsylvania	A leisure property land development project that will be completed in stages over next 2-4 years.	100	620	1,347,000	2,191,000
Dade County, Miami, Florida	A long range total community concept land development project in development stage.	50	548	4,644,000	4,185,000
Other				1,100,000	962,000
TOTAL UNITED STATES				23,657,000	21,771,000
TOTAL LAND				$59,233,000	$49,052,000

INCOME-PRODUCING PROPERTIES

PROPERTY	LOCATION	DESCRIPTION	GNC % Ownership	No. of Square Feet	Book Value 1973	Book Value 1972
OPERATING						
Residential						
Heritage Square	Markham, Ontario	54 unit townhouse	100	65,000	$ 1,013,000	$ 965,000
Towers of Polo Park	Winnipeg, Manitoba	A 15 storey residential / commercial building (203 suites)	75	273,000	$ 2,814,000	2,992,000
Commercial						
Toronto Professional Bldg.	Toronto, Ontario	A 15 storey office building	100	274,000	5,197,000	5,234,000
MacLeod Place	Calgary, Alberta	An 8 storey office building	75	80,000	1,485,000	1,564,000
Englehard Building	S. Plainfield, New Jersey	A 3 storey office building	100	45,000	1,373,000	1,395,000
Shopping Centres						
Southview Mall	Medicine Hat, Alberta	Enclosed mall—32 stores	100	*158,000	3,651,000	850,000
Eastgate Plaza	Edmonton, Alberta	Enclosed mall—29 stores	100	*145,000	3,476,000	3,545,000
Heritage Plaza	Markham, Ontario	Open plaza—10 stores	100	* 15,000	487,000	484,000
The Galleria	Toronto, Ontario	Enclosed mall—38 stores	56	* 181,000	3,812,000	3 735,000
Hotels & Restaurants						
The Old Mill	Etobicoke, Ontario	Restaurant and banquet facilities	100	53,000	1,310,000	384,000
TOTAL OPERATING					24,618,000	21,148,000
UNDER DEVELOPMENT						
Residential						
Huntingwood #1	Etobicoke, Ontario	A 233 unit apartment building	100	415,000	4,789,000	1,584,000
Huntingwood #2	Etobicoke, Ontario	A 228 unit apartment building	100	415,000	594,000	
Huntingwood #3	Etobicoke, Ontario	A 233 unit apartment building	100	415,000	1,099,000	
Westmount	Edmonton, Alberta	A 133 unit apartment building	100	169,000	2,916,000	1,904,000
Commercial						
Toronto Professional Building II	Toronto, Ontario	A 26 storey office building	100	338,000	1,893,000	
Pointe Claire Commerce Centre	Pointe Claire, Quebec	An 8 storey office building	100	88,000	2,259,000	895,000
MacLeod Place II	Calgary, Alberta	An 8 storey office building	100	183,000	542,000	
McGill Metro	Montreal, Quebec	A 22 storey office/retail building	66.6	578,000	1,547,000	
2075 University	Montreal, Quebec	A 17 storey office/retail building	37	171,000	1,121,000	
Shopping Centres						
Red Rooster	Edmonton, Alberta	A convenience store	100		43,000	
Hotels & Restaurants						
Quebec City Holiday Inn	Quebec City, Quebec	A 245 room hotel	100	236,000	2,172,000	147,000
Landmark Motor Inn	Thunder Bay, Ontario	A 104 room hotel	50	81,000	1,634,000	
TOTAL UNDER DEVELOPMENT					20,609,000	4,530,000
LAND HELD FOR FUTURE INCOME PROPERTY DEVELOPMENT					6,207,000	
TOTAL PROPERTY					$51,434,000	$25,678,000

***Rentable space**

STATISTICAL REVIEW

Five Year Summary (in Thousands of Canadian Dollars)

	1973	1972	1971	1970	1969
Income					
Gross revenue:					
Real estate sales	**$28,422**	$16,164	$12,788	$ 9,794	$ 9,043
Rentals from income-producing properties	**2,906**	1,977	1,108	925	339
Manufacturing and other income	**12,523**	15,038	18,171	19,303	16,516
Leasing, interest and other income	**2,550**	2,136	2,983	2,396	734
Income before extraordinary items	**3,509**	2,622	2,644	1,033	693
Net income	**4,015**	4,230	5,038	3,234	2,230
Year-end Financial Position					
Total assets	**142,952**	114,098	67,707	61,289	43,425
Total shareholders' equity	**37,384**	33,311	20,388	14,613	11,372
Long-term debt	**69,966**	56,321	33,828	34,665	25,504
Ratio of long-term debt to shareholders' equity	**1.9 to 1**	1.7 to 1	1.9 to 1	2.4 to 1	2.2 to 1
Amount per Share					
Basic earnings before extraordinary items	**1.01**	0.86	1.12	0.44	0.30
Basic earnings after extraordinary items	**1.16**	1.38	2.14	1.39	0.97
Fully diluted earnings before extraordinary items	**1.00**	0.79	0.89	0.47	0.34
Fully diluted earnings after extraordinary items	**1.14**	1.25	1.57	1.08	0.84
Fully diluted cash flow	**1.91**	1.83	1.84	1.20	1.19
Shareholders' equity*	**10.62**	9.77	8.26	6.27	4.97
Dividends paid	**0.20**	0.20			

**based on shares outstanding at end of the year.*

continued from page eight.

The first of three, 17-storey apartment buildings in the Huntingwood Place development in Etobicoke was completed in 1973. Ninety percent of the 233 suites in this building were occupied within three months of its opening.

Huntingwood Place is fully air-conditioned and provides tenants with a wide range of social and recreational activities, including indoor swimming pools and hobbycraft rooms.

Huntingwood Place Apartments, a three tower complex.

This property stands on the final parcel of land remaining from the 3,000 acres assembled by your company in 1910—an assembly which has been developed into one of the finest residential areas in Toronto.

Our major development effort in downtown Toronto is the 27-storey office-commercial tower now being constructed to connect with our existing Toronto Professional Building on Edward Street near University Avenue.

Construction began in September, 1973, and completion is not expected until 1975. The leasing program for the building is already underway.

Together, the two buildings will occupy an entire block located adjacent to one of the city's key north-south subway stations.

With an eye to the future, your company has assembled more than a thousand acres of land at Glen Abbey, Oakville.

The present schedule for this Planned Unit Development provides for a people-oriented community, incorporating a full range of medium to high density housing.

In keeping with the public's ever-increasing awareness of the environment, this concept, will leave large, open areas throughout the community that can be used for recreational and other leisure activities.

Upon completion, Glen Abbey will be a fully-integrated planned community with an optimum balance of commerce, industry and services.

Although changes in the Oakville government system may delay approval of our ultimate development plans, we are presently receiving revenue from an on-site golf course which was purchased as part of the original land assembly.

In Burlington, we are continuing development of our Brant Hills Estates on 454 acres. The completed section—on 221 acres—comprises single family lots, apartment blocks, a service station, townhouse units and a shopping centre site, most of which have been sold.

Progress in construction and sale of the remaining sections is expected to continue until 1976.

Markham is the site of a nine-stage mixed residential development of 640 acres. Seven stages of the development are already in progress or completed. These include townhouses, single-family dwellings and an industrial park. Additionally, we own the ten-store, Heritage Plaza Shopping Centre which is located in the same area.

Your company has also been active in the Ottawa area. Most of our efforts there have been directed toward the construction of single family dwellings in the city's suburban areas. These include 100 homes in Orleans and 185 in Sheffield Glen. All but 17 of these units have been sold.

On the outskirts of the city, on Blair Road, we recently completed construction of Pineview Court, a townhouse complex consisting of 126 units.

Heritage Plaza, Markham Ontario

Toronto Professional Building, No. Two

Typical finished homes at Kincardine, Ont.

An interesting sidelight to our activities is the Diamond Clay Brick operation. The construction industry today is plagued by a shortage of bricks due to the ecological pressures acting against the opening of new brickworks and the fact that most existing brickworks are relatively inefficient.

Diamond Clay, on the other hand is a highly automated operation which not only makes a contribution to profit, but also assures us of a continuing supply of bricks.

WESTERN CANADA

"Sherwood Park", our 2,700 acre planned community townsite just east of Edmonton, is now nearing its final stage.

To date, more than 5,000 lots have been developed for Sherwood's population of nearly 20,000. Construction thus far includes single family units, apartment and condominium dwellings, commercial areas, and lots for school, hospital, and nursing home use.

Plans which will add a further 5,400 acres—including 2,600 acres to be developed by your company—are now before the Planning Commission and approval is anticipated in 1974. Sales are expected to begin the following year.

"Westmount", our 14-storey, 133-suite apartment building on a prime site in west-end Edmonton, was completed this year.

The forthcoming year will also see our first major activity in downtown office-retail development in Edmonton and Calgary.

In Edmonton, we have purchased three properties which combined form a building site of nearly one-half acre. This includes a 160-foot frontage on Jasper Avenue.

In Calgary, our site is in a most prestigious section—the heart of the office district at the corner of Fourth Street and Fourth Avenue. Both projects are presently in the planning stage and are expected to be under construction in 1974.

Additionally, construction has begun on Phase II of Macleod Place, a twin-tower office and commercial development on Macleod Trail, Calgary's major southern artery. The expected completion date for the second eight-storey tower is September, 1974.

Also completed—and fully leased—in 1973 was the 200,000 square foot Southview Mall Shopping Centre. This is the first and only fully-enclosed, air-conditioned shopping complex in Medicine Hat.

Your company is also examining several key sites in downtown Vancouver and we hope to acquire land there in 1974.

U.S.A.

Our major planning effort in the United States during 1973 was directed at the nearly 1,500 acres we have purchased near exit 8-A of the New Jersey Turnpike.

More than 20 million people live within a 100 mile radius of this area, thus making this a property of extraordinary potential.

We plan to begin development of revenue-bearing properties here in 1974 with the construction of a second office building.

In Florida, your company has obtained a 50 percent interest in 1,100 acres in Dade County — 16 miles southwest of the Miami central business district and approximately six miles southwest of Miami International Airport.

Plans for development of this area are in the final stages of the approval process and work

Macleod Place, Phase II in foreground.

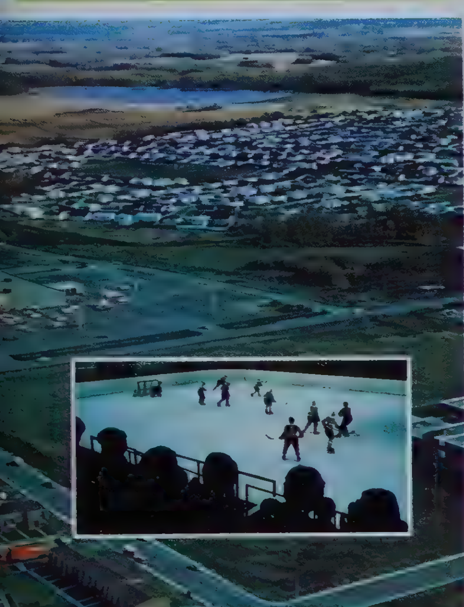
Sherwood Park community including Eastgate Shopping Centre
INSET: community arena.

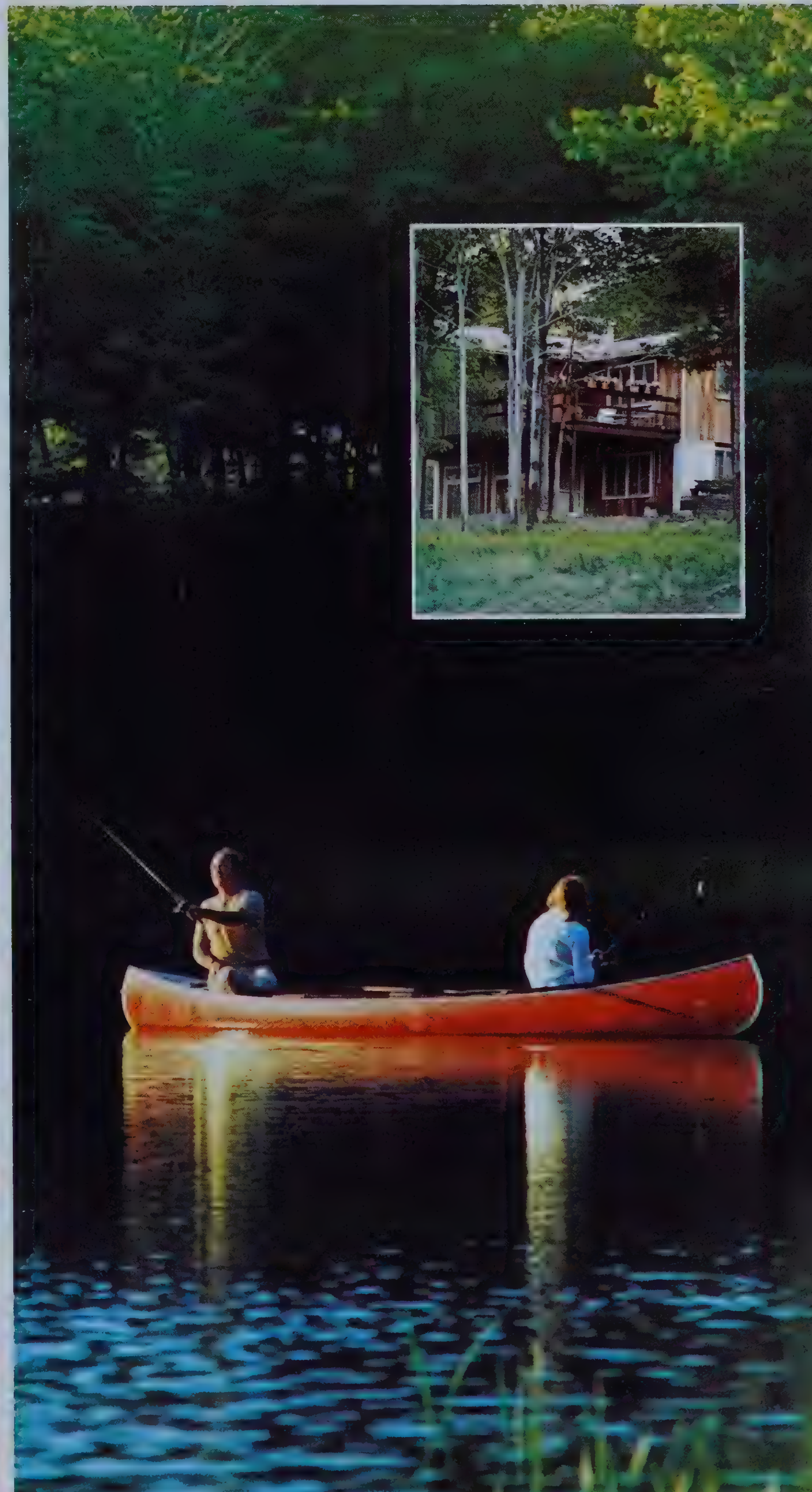
is expected to begin in 1974 on an integrated district of homes, offices, parks, and other community facilities.

Since 1963 we have also been developing a retirement and second home community on 4,500 acres at Hemlock Farms in the Pocono Mountains of Pennsylvania—approximately 85 miles northwest of New York City.

Sales here in 1973 were more than double our previous best year, and we expect the project to be sold out within three years.

Hemlock Farms, a leisure property development.





GREAT NORTHERN CAPITAL PROJECT LOCATIONS:

1 Westmount Apartments, *an operating income property of 133 suites, Edmonton, Alberta.*

2 Eastgate Shopping Centre, *Sherwood Park, Edmonton, Alberta.*

3 Sherwood Park *community development, a satellite city in Edmonton, Alberta.*

4 Jasper Avenue, *downtown office and commercial site, Edmonton, Alberta.*

5 Land assembly site *for commercial development, Calgary, Alberta.*

6 MacLeod Place, *two office and commercial buildings, Calgary, Alberta.*

7 Southview Mall Shopping Plaza, *Medicine Hat, Alberta.*

8 River Heights, *residential land development project, Saskatoon, Saskatchewan.*

9 Towers of Polo Park, *residential and commercial income property, Winnipeg, Manitoba.*

10 Pembina Highway South, *4 acre land parcel for future development, Winnipeg, Manitoba.*

11 Landmark Motor Inn, *Thunder Bay, Ontario.*

12 Residential development, *Brant Hills, Burlington, Ontario.*

13 Residential development, *Markham, Ontario.*

14 Glen Abbey, *Total Planned Community, Oakville, Ontario.*

15 Land development project, *Stouffville, Ontario.*

16 Old Mill Restaurant, *Toronto, Ontario.*

17 Toronto Professional Building, *Toronto, Ontario.*

18 Toronto Professional Building No. Two, *27-storey office/commercial building, Toronto, Ontario.*

19 Galleria Shopping Centre, *Toronto, Ontario.*

20 Huntingwood Place Apartments, *three-tower apartment complex, Toronto, Ontario.*

21 Three developments—*factory engineered homes and town houses, Ottawa, Ontario.*

22 Factory engineered home development, *Orono, Ontario.*

23 Suburban residential community, *Jolibourg, Quebec.*

24 McGill Metro, *office and commercial building, Montreal, Quebec.*

25 Pointe Claire Commerce Centre, *Pointe Claire, Quebec.*

26 2075 University, *office and commercial building, Montreal, Quebec.*

27 Holiday Inn Hotel, *Quebec City, Quebec.*

28 Hemlock Farms, *leisure property development, Pocono Mountains, Pennsylvania, U.S.A.*

29 Residential, industrial and commercial development, *South Miami, Florida, U.S.A.*

30 Land development project, *Monroe, New Jersey, U.S.A.*

31 Land development project, *South Plainfield, New Jersey, U.S.A.*

32 Land development project, *South Brunswick, New Jersey, U.S.A.*

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Comptroller and Treasurer

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The Bank of Nova Scotia Trust Co. of New York

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The Common Shares of the Company are listed on
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